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# **COMAPLEX**

**RESOURCES INTERNATIONAL LTD.**

**ANNUAL REPORT**  
**AS AT DECEMBER 31, 1979**

## COMAPLEX RESOURCES INTERNATIONAL LTD. AND SUBSIDIARIES

HEAD OFFICE:	Suite 901, 1015 - 4th Street S.W. Calgary, Alberta T2R 1J4
REGISTERED OFFICE:	Suite 1710, Board of Trade Tower 1177 West Hastings Street, Vancouver, British Columbia V6E 2L3
BOARD OF DIRECTORS:	R. J. Balfour, Ottawa, Ontario G. F. Fink, Calgary, Alberta C. R. Jonsson, Vancouver, British Columbia M. W. Pyke, Calgary, Alberta J. S. Rogers Regina, Saskatchewan F. W. Woodward, Regina, Saskatchewan
OFFICERS:	G. F. Fink, President. M. W. Pyke, Vice-President. W. R. Lozanski Vice-President. C. R. Jonsson, Secretary. K. G. Lintott, Exploration Manager.
REGISTRAR AND TRANSFER AGENTS:	Montreal Trust Company, Toronto, Ontario Vancouver, British Columbia.
AUDITORS:	Farvolden, Wiggins & Balderston, Calgary, Alberta.
SOLICITORS:	McLaws & Company Calgary, Alberta. Tupper & Company Vancouver, British Columbia.
BANKERS:	Canadian Imperial Bank of Commerce, Calgary, Alberta.
SUBSIDIARY COMPANIES:	Wollex Exploration Ltd., Radiometric Surveys Ltd. Comaplex Resources, Inc.
STOCK LISTING:	Toronto Stock Exchange, Toronto, Ontario. Vancouver Stock Exchange, Vancouver, British Columbia.



## DIRECTORS REPORT TO SHAREHOLDERS

It is a pleasure to present to our shareholders our consolidated Annual Report for the year just ended. Arrangements of significant importance were consummated in both the mining and oil and gas divisions. We have increased our land holdings in oil and gas properties, uranium properties, base metal properties, and gold properties. The Company, at the present time, has land holdings in all Provinces and Territories west of the Province of Quebec.

In an effort to give the Company a greater following in terms of shareholders, we applied for and were accepted for trading on The Toronto Stock Exchange. The volume of shares traded has increased substantially since this listing became effective in September, 1979.

During 1979 the Company's financial situation improved in many phases despite a reduction in net income to \$400,000 (1978 - \$447,000). Our income generated from operations increased to \$975,000 from \$831,000 in 1978. Our long-term debt was eliminated completely during the past year; an item of great importance during a period of time when interest rates are approaching 20%. Oil and gas sales almost doubled to \$1,124,000 (1978 - \$579,000) and total revenue increased to \$2,750,000 from \$2,459,000 in 1978. For the year 1980 we are projecting that our income generated from operations will be approximately \$1.3 million.

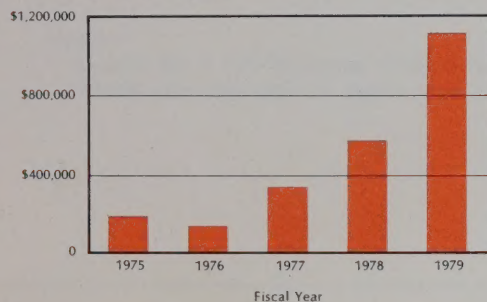
The Company wishes to take this opportunity to thank the employees and directors for the effort and guidance provided during the past year.

Submitted on behalf of the Board of Directors

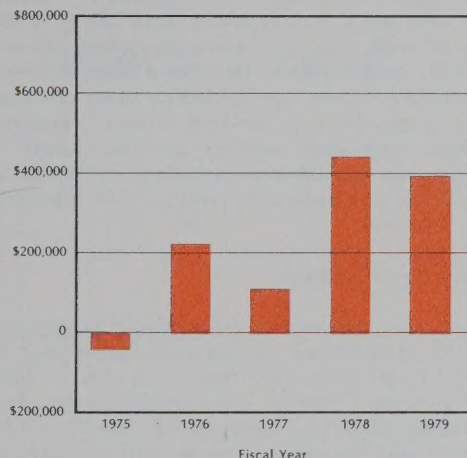
*George F. Fink*

George F. Fink  
President

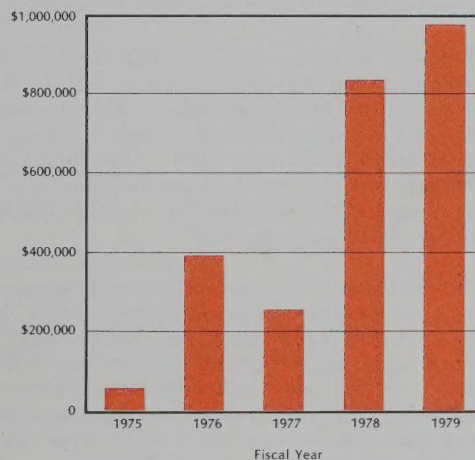
### OIL AND GAS SALES



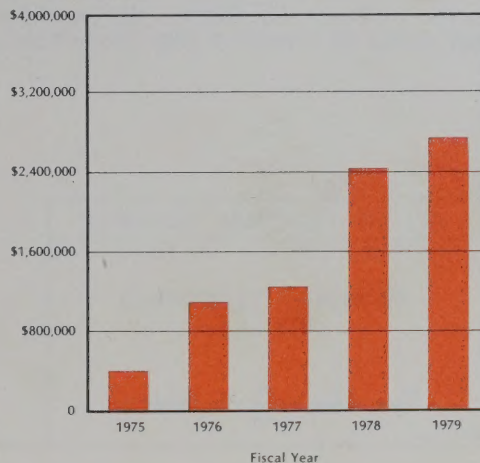
### NET INCOME



### INCOME GENERATED FROM OPERATIONS



### TOTAL SALES



## OIL AND GAS DIVISION

During 1979 Comaplex participated in the drilling of nine wells, four of which have been completed as oil wells and two have been completed as gas wells. In addition to the above described wells, three wells were also drilled by other companies on our properties as a result of farmout agreements. These three wells were dry and abandoned. The Company has interests in Canada in 246,700 gross acres of non-producing land and net interests in 8,334 acres.

### East Coast Offshore

Since our nine month report dated September 30, 1979, in which we presented our position in the East Coast properties, significant changes have developed. Interest in the offshore area east of Newfoundland has been further heightened by the indicated discovery of oil in both the Hibernia 0-35 step-out well and the Ben Nevis 1-45 wildcat located approximately 25 miles southeast of Hibernia.

It appears a strong similarity exists between the geology of this area (Jeanne D'Arc Basin) and that of the prolific North Sea region which has made Britain a net exporter of oil. There is also a considerable body of scientific conviction which suggests that the Appalachian land mass was connected to the Old Red land mass of Britain during the Devonian period.

The structure is assumed to be part of a general fault system which has defined the eastern edge of the continent but, in particular, lies between two major faults, at their closest no more than 150 miles apart. As the fault block sank it filled with sediments. Comaplex's land holdings lie within the boundaries of the area bordered by these faults as do Hibernia, Ben Nevis and Dominion.

Further drilling is anticipated in the Grand Banks area during the balance of 1980. Mobil Oil Canada

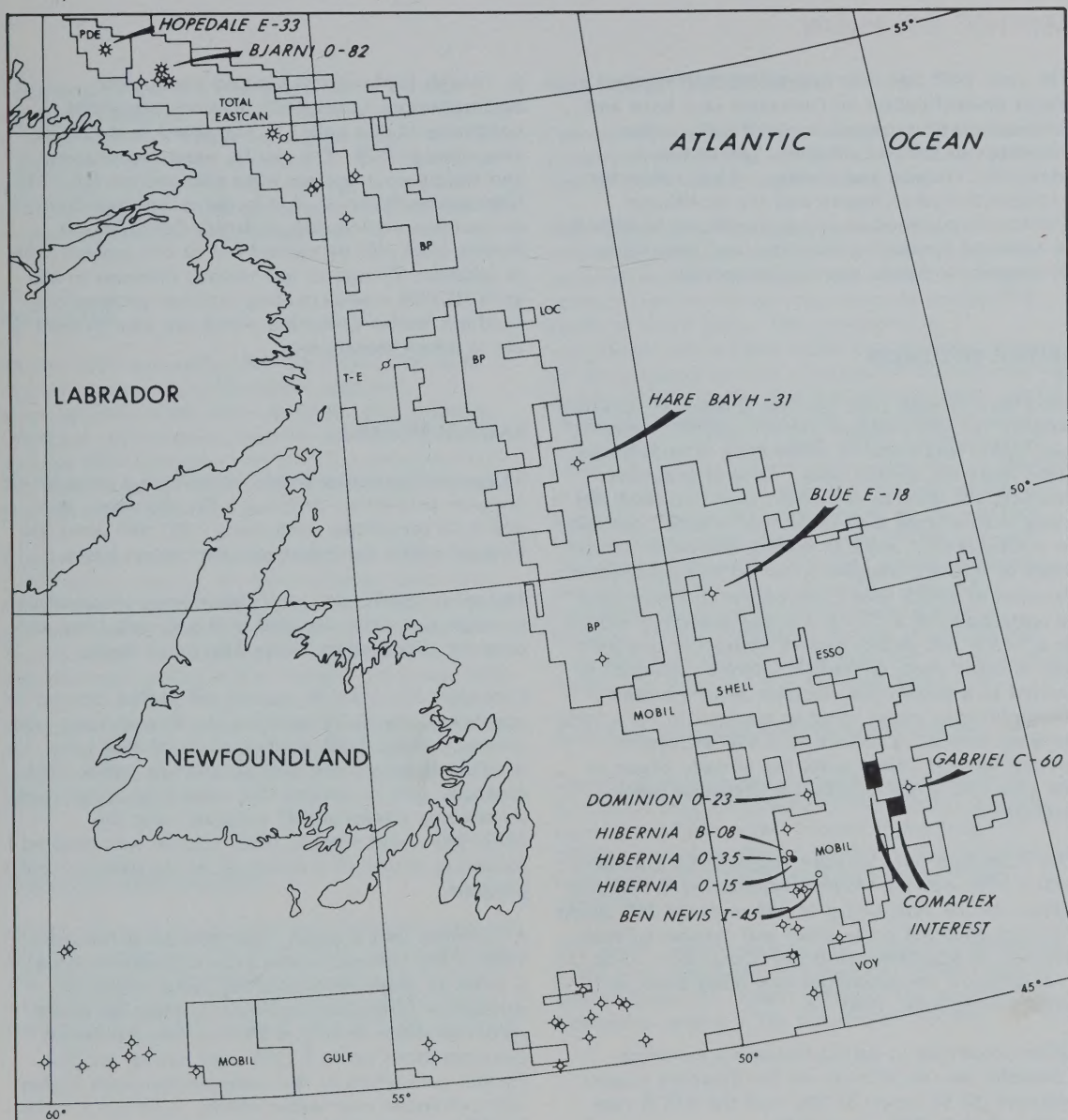
Ltd. is expected to make application in the near future for permission to drill a well off-setting the abandoned Mobil Gulf Dominion 0-23 drilled in 1974. Industry sources indicate the planned exploratory drilling will test the flank of the structure pierced by Dominion 0-23. The offset map of the east coast offshore indicates our property location.

Any major exploration program on the Comaplex land will likely not begin before the new government announces its policy on depletion and incentive allowances in the forthcoming budget. In view of the high cost to Canadians of imported foreign oil, it is anticipated the federal government will have the foresight to legislate tax-allowances that will encourage continued exploration in this highly potential area.

### U.S. Drilling Program

During the first quarter of 1980 Comaplex entered into an agreement with a U.S. Company to participate in an eight well program with an option on two additional wells after completion of a seismic program. The wells are located in Southeast Medicine Pole Hills and North Medicine Pole Hills in North Dakota, Stateline in South Dakota, Sioux Pass in Montana, and West Wallace, North Dutch and South Adon in Wyoming. The option locations are located in the Tule Creek area of Montana. The Company will generally earn a 5.4% revenue interest by paying 9% of the well costs to casing point and thereafter 5.4% of the well costs. The farmout Company has provided the land, geophysics and geology for the respective areas. Drilling of the first well commenced in April, however, at the time of this writing we had not penetrated any of the potentially productive zones. It is anticipated that the Company investment will be between \$300,000 and \$400,000 U.S. funds.



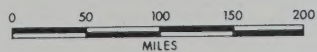


**NOTE**

Complex has a 11/3 % working interest in the 216,000 gross acres colored in black.

COMPLEX RESOURCES INT. LTD.

**EASTCOAST OFFSHORE**



NOV, 1979

## MINING DIVISION

The year 1979 and first quarter of 1980 marked a major diversification by Comaplex into base and precious metal exploration specifically in the Provinces of British Columbia, Saskatchewan, Manitoba, Ontario and Quebec. Exploration for uranium in Saskatchewan and the Northwest Territories continued on a very significant level both in terms of continuing programs and acquisition of interests in newly acquired properties.

### BRITISH COLUMBIA

The Prince George Joint Venture, a regional sampling program for volcanogenic massive sulphide deposits, was highly successful in delineating several target areas requiring further work. Several properties totalling 103 units (6,363 acres) were acquired and along with a large area of mutual interest, optioned to a substantial Canadian mining company. Under terms of option Comaplex is carried to a production decision at which time Comaplex may either elect to participate for a 22.5% working interest or reduce to a 12.5% net profits carried interest in one area and in other areas of mutual interest Comaplex is carried to a production decision at which time Comaplex may either elect to participate for a 10% working interest or reduce to a 5% net profits carried interest. Field work has already begun in the area and a drill contract is presently being negotiated.

The Tulsequah Joint Venture, operated by Comaplex with a 50% working interest commenced in February 1980 with the acquisition of 458 units (28,295 acres) covering potential gold - silver and massive sulphide deposits in northwestern British Columbia. Field evaluation of the properties and other areas will begin during June, 1980.

Other properties in British Columbia on which Comaplex has an interest are the Swansea copper property (51.65 acres) 37.5%, and the ARCA rare earth property (103 acres) 75%.

St. Joseph Explorations Limited conducted exploration on Comaplex's uranium properties consisting of 384 units (23,723 acres) in the Atlin area during 1979. The results were encouraging and follow-up programs were planned for the 1980 field season, however, due to the recent moratorium on uranium exploration in British Columbia no further work will be carried out at the present time. In addition, Comaplex has various interests in 289 units (17,650 acres) covering uranium prospects in southern British Columbia which are also subject to the uranium moratorium.

### SASKATCHEWAN

At present Comaplex holds interests in a total of 42 uranium properties covering 3,332,355 acres, in which 26 properties comprising 2,821,450 acres are located within the Athabasca Sandstone basin.

The most significant results have been obtained on uranium properties located in the Russell Lake and Johnson Island areas in the Athabasca basin.

Comaplex has a 3 1/3% carried net profits interest in approximately 30,000 acres in the Russell Lake area located twelve miles north-east of the Key Lake uranium deposit. A major oil and gas and mining company, which operates this project has conducted an ongoing intensive drill program over the 1979-1980 winter season. This program was initiated following results of a previous reconnaissance drill program.

A diamond drill program commenced in January, 1980 in the Johnson Island area to further evaluate a series of graphite conductive zones along the Athabasca Sandstone basement contact on which reconnaissance drilling in 1979 returned uranium concentrations up to 0.12% over narrow widths. Further evaluation of this zone encountered higher concentrations over wider widths. Comaplex holds a 2.7% working interest in the property.



Additional properties totalling 5,780 acres were acquired contiguous to and in the immediate vicinity of the Company's Tower Lake gold property. Also, 1,520 acres have been acquired in the White Lake area covering potential high-tonnage, low-grade silver occurrences. Comaplex presently has 100% working interest in these properties.

## **MANITOBA**

During 1979 and early 1980 the Knee Lake Joint Venture operated by Comaplex acquired approximately 6,400 acres at Knee Lake covering potential volcanogenic massive sulphide deposits. Surface mineralization and INPUT conductors will be followed up with ground geophysics and diamond drilling after freeze-up.

Also at Knee Lake, Comaplex acquired approximately 2,000 acres covering the Consolidated Knee Lake Gold Mines Ltd. gold deposits. Two vertical shafts and two levels were developed prior to 1940 but no production was carried out. Geological evaluation and diamond drilling will be carried out during 1980.

Comaplex presently has a 70% working interest in the Knee Lake Joint Venture and is negotiating an option with a major Canadian mining company to fund the project.

## **ONTARIO AND QUEBEC**

During the first quarter of 1980, Comaplex entered into an agreement with D. R. Pyke and Associates Inc. to conduct exploration programs on selected areas for precious and base metal mineralization. Comaplex has 100% working interest in the program.

## **NORTHWEST TERRITORIES**

Comaplex presently holds interests in 12 uranium properties comprising 603,185 acres located in the Thelon basin - Baker Lake Graben area.

The 1979 exploration program on 5 properties comprising 341,200 acres located several uranium occurrences, the most significant being the Longspur contact aureole-metasomatic occurrence located north of Forde Lake. The occurrence is associated with a 1,600 metre east-trending contact of the Longspur granite, a miarolitic fluorite-bearing granite which locally intrudes volcanic rocks of the Christopher Island Formation. Pitchblende veins and stringers are associated with a north-trending composite quartz calcite vein system that is related to the granite and intrudes the Christopher Island Formation up to 200 metres north of the contact. Grab sample assays return up to 27.0% uranium. The program presently is a joint venture between two major oil and gas and mining companies. Comaplex is carried to a total expenditure of between 10 and 20 million dollars at which time Comaplex may elect to participate for a 20% working interest or retain a 1.5% net smelter royalty.

## **ALBERTA AND THE YUKON TERRITORIES**

Several uranium-bearing boulders of Athabasca Sandstone were discovered on the Big Bay property, comprising 9,020 acres, located in northeastern Alberta on the northwest shore of Lake Athabasca. Comaplex has a 100% working interest in the property.

The Wolf Lake silver-lead-zinc property comprising 1,050 acres has been optioned to Dayton Creek Silver Mines Ltd. Under terms of the agreement Comaplex retains a 5% net smelter royalty.

## CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1979

(With Comparative figures for the prior year)

### ASSETS

	1979 \$	1978 \$
<b>CURRENT ASSETS</b>		
Marketable securities at cost (Market value - \$12,107)	8,819	-
Accounts receivable	888,675	814,120
Inventory of materials and supplies	8,800	-
Total current assets	<u>906,294</u>	<u>814,120</u>
<b>FIXED ASSETS, at cost</b>		
Petroleum and natural gas leases and rights including exploration, development and equipment thereon	2,957,440	2,282,848
Mining properties and claims including exploration, development and equipment thereon	145,791	165,358
Automotive and service equipment	92,356	51,461
Office equipment and improvements	73,667	22,537
Land and buildings	<u>23,012</u>	<u>17,544</u>
	3,292,266	2,539,748
Less accumulated depletion, depreciation and amortization	<u>686,771</u>	<u>469,572</u>
Net fixed assets	<u>2,605,495</u>	<u>2,070,176</u>
<b>OTHER ASSETS</b>		
Deposits held in trust	-	281,019
Notes receivable (Note 3)	354,750	133,985
Refundable deposits	21,817	13,486
Incorporation expenses	<u>2,715</u>	<u>2,715</u>
Total other assets	<u>379,282</u>	<u>431,205</u>
<b>APPROVED ON BEHALF OF THE BOARD:</b>		
<u>GEORGE F. FINK</u> Director		
<u>MURRAY W. PYKE</u> Director		
	<u>3,891,071</u>	<u>3,315,501</u>

The accompanying notes form an integral part of these financial statements.



## LIABILITIES

	1979 \$	1978 \$
CURRENT LIABILITIES		
Bank indebtedness (Note 2)	321,176	60,000
Accounts payable	684,834	700,486
Current portion of long-term debt	<u>-</u>	<u>78,000</u>
Total current liabilities	<u>1,006,010</u>	<u>838,486</u>
LONG-TERM DEBT	<u>-</u>	<u>560,242</u>
DEPOSITS HELD IN TRUST - LIABILITY	<u>-</u>	<u>281,019</u>
DEFERRED INCOME TAXES	<u>404,790</u>	<u>163,790</u>

## SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 3)		
Authorized:		
150,000 cumulative, redeemable, convertible preferred shares with a par value of \$1 per share		
3,000,000 common shares without nominal or par value		
Issued and fully paid:		
35,001 preferred shares (1978 - 55,064)	35,001	55,064
2,120,578 common shares (1978 - 1,899,128)	2,436,844	2,045,864
PREMIUM ON PREFERRED SHARES	319,749	78,921
OTHER PAID IN CAPITAL	50,000	50,000
DEFICIT	<u>(361,323)</u>	<u>(757,885)</u>
Net shareholders' equity	<u>2,480,271</u>	<u>1,471,964</u>
	<u>3,891,071</u>	<u>3,315,501</u>

# CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1979

(With comparative figures for the prior year)

	1979 \$	1978 \$
REVENUE		
Oil and gas sales	1,124,649	579,142
Consulting	1,138,255	1,210,382
Gain on sale of mining properties	445,212	652,465
Interest and other	45,888	10,977
Gain (loss) on sale of oil and gas properties	(3,833)	6,125
Total revenue	<u>2,750,171</u>	<u>2,459,091</u>
EXPENSES		
Royalties	382,710	181,974
Production	145,421	74,833
Consulting third party and other costs	762,177	859,812
General and administrative	497,334	456,487
Interest on long-term debt	36,292	76,222
Total expenses	<u>1,823,934</u>	<u>1,649,328</u>
	926,237	809,763
Provincial tax credits	<u>49,446</u>	<u>21,965</u>
INCOME GENERATED FROM OPERATIONS	<u>975,683</u>	<u>831,728</u>
CHARGES NOT REQUIRING FUNDS		
Depletion	98,166	58,853
Depreciation	71,511	42,609
Amortization of mining properties and claims	34,001	22,216
Dry holes and abandonments	131,179	98,486
	<u>334,857</u>	<u>222,164</u>
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	640,826	609,564
DEFERRED INCOME TAXES	<u>241,000</u>	<u>244,500</u>
INCOME BEFORE EXTRAORDINARY ITEM	399,826	365,064
EXTRAORDINARY ITEM		
Reduction of income taxes from carry forward of prior years' losses	<u>-</u>	<u>82,435</u>
NET INCOME FOR THE YEAR	<u><u>399,826</u></u>	<u><u>447,499</u></u>

The accompanying notes form an integral part of these financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1979  
(With comparative figures for the prior year)

	1979 \$	1978 \$
WORKING CAPITAL WAS PROVIDED BY		
Operations:		
Net income for the year	399,826	447,499
Add (deduct) items not requiring an outlay of working capital -		
Depletion, depreciation and amortization	203,678	123,678
Dry holes and abandonments	131,179	98,486
Gain on sale of mining properties	(445,212)	(652,465)
Loss (gain) on sale of oil and gas properties	3,833	(6,125)
Deferred income taxes	<u>241,000</u>	<u>163,790</u>
Working capital provided from operations	534,304	174,863
Proceeds on sale of fixed assets	537,566	849,019
Deposits held in trust	281,019	31,019
Issue of capital stock	<u>390,980</u>	<u>467,630</u>
	<u>1,743,869</u>	<u>1,522,531</u>
WORKING CAPITAL WAS USED FOR		
Purchase of fixed assets	966,363	1,185,487
Deposits held in trust - liability	281,019	31,019
Refundable deposits	8,331	3,451
Reduction of long-term debt	560,242	62,420
Payment of preferred share dividend	<u>3,264</u>	<u>3,366</u>
	<u>1,819,219</u>	<u>1,285,743</u>
INCREASE (DECREASE) IN WORKING CAPITAL FOR THE YEAR	(75,350)	236,788
WORKING CAPITAL DEFICIENCY, BEGINNING OF THE YEAR	<u>(24,366)</u>	<u>(261,154)</u>
WORKING CAPITAL DEFICIENCY, END OF THE YEAR	<u><u>(99,716)</u></u>	<u><u>(24,366)</u></u>

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1979  
(With comparative figures for the prior year)

	1979 \$	1978 \$
BALANCE AT THE BEGINNING OF THE YEAR	757,885	1,202,018
NET INCOME FOR THE YEAR	<u>399,826</u>	<u>447,499</u>
DIVIDENDS - PREFERRED SHARES	<u>358,059</u> <u>3,264</u>	<u>754,519</u> <u>3,366</u>
BALANCE AT THE END OF THE YEAR	<u><u>361,323</u></u>	<u><u>757,885</u></u>

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 - ACCOUNTING POLICIES

#### (a) Principles of consolidation

The consolidated financial statements include the accounts of Comaplex Resources International Ltd. and its wholly-owned subsidiary, Wollex Exploration Ltd., and an 85% owned subsidiary, Radiometric Surveys Ltd.

#### (b) Fixed Assets

(i) The companies capitalize all costs relative to exploration and development of petroleum and natural gas and mining properties. When such properties are proven to be productive the accumulated costs are transferred from undeveloped to producing properties. Lease rentals and other carrying costs are charged to expense as incurred.

(ii) Costs pertaining to producing properties are depleted on a unit of production method based on estimated recoverable reserves. Non-producing petroleum and natural gas and mining properties not under current exploration or development are amortized at annual rates of 25% and 33 1/3% respectively. The costs of abandoned properties are charged against income when the properties are surrendered.

(iii) Depreciation of equipment is provided by the declining balance method at rates varying between 10% and 30% per annum.

#### (c) Income taxes

The companies follow the tax allocation method



## NOTES (continued)

of accounting under which the income tax provision is based on the income reported in the accounts. Under this method, the companies provide for deferred income taxes to the extent that income taxes payable are eliminated by claiming capital cost allowances and exploration and development costs in excess of the depreciation and depletion provisions reflected in their accounts.

### NOTE 2 - BANK INDEBTEDNESS

The bank indebtedness is secured by the company's interest in certain petroleum and natural gas properties and a general assignment of accounts receivable.

### NOTE 3 - CAPITAL STOCK

The authorized 6% preferred shares are available for purchase under a key employee share purchase plan convertible into 459,166 common shares. Loans in the amount of \$354,750 bearing interest at 6% have been made to employees to acquire preferred shares. At December 31, 1979 pursuant to the above plan, shares issued and held in trust pending payment by the employees are 35,001 preferred shares convertible into 105,000 common shares.

### NOTE 4 - DIRECTORS' AND SENIOR OFFICERS' REMUNERATION

The aggregate remuneration paid to senior officers which includes the five highest paid employees during the year amounted to \$228,200.

### NOTE 5 - EARNINGS PER SHARE

	1979 \$	1978 \$
Basic earnings per share		
Income before extraordinary item	<u>0.20</u>	<u>0.22</u>
Net income for the year	<u>0.20</u>	<u>0.26</u>
Fully diluted earnings per share		
Income before extraordinary item	<u>0.18</u>	<u>0.18</u>
Net income for the year	<u>0.18</u>	<u>0.22</u>

## AUDITORS' REPORT

To the Shareholders  
Comaplex Resources International Ltd.

We have examined the consolidated balance sheet of Comaplex Resources International Ltd. as at December 31, 1979 and the consolidated statements of income, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the company as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Fawcolder, Wiggins & Balderson*

Chartered Accountants  
Calgary, Canada  
March 18, 1980





